

THE CLAXTON TRUST
(A Company Limited by Guarantee)
TRUSTEES' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

THE CLAXTON TRUST
(A Company Limited by Guarantee)

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REFERENCE AND ADMINISTRATIVE DETAILS

Members	Mr T Day Mrs C Kemp Mr R Sachse Mr R Shamtally Mrs H Yendell
Trustees	Mrs C Kemp, Chair of Trustees Mr G Rumsey Mr R Staples, CEO Mrs E Flawn, Vice CEO Mrs G Louch Mrs D Pepe Mrs J Wolfe (resigned 31 July 2019) Mrs H Yendell, Vice Chair of Trustees
Company registered number	10461895
Company name	The Claxton Trust
Principal and registered office	Fairlands Primary School Pound Avenue Stevenage Hertfordshire SG1 3JA
Company Secretary	Mrs J Wibberley-Young
Chief Executive Officer	Mr R Staples
Senior Management Team	Mr R Staples, CEO/ Headteacher of Fairlands Primary School Mrs E Flawn, Vice CEO/ Headteacher of Camps Hill Primary School Mrs J Wibberley-Young, Chief Financial Officer Mrs J Johnson, Vice Chief Financial Officer
Independent Auditors	Price Bailey LLP Chartered Accountants Causeway House 1 Dane Street Bishop's Stortford Hertfordshire CM23 3BT
Bankers	Lloyds Bank PLC 3 Town Square Stevenage SG1 1BG
Solicitors	Stone King LLP 1 Aire Street Leeds LS1 4PR

THE CLAXTON TRUST
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TRUSTEES' REPORT
FOR THE YEAR ENDED 31 AUGUST 2019

The Trustees present their Annual Report together with the financial statements and Auditor's Report of The Claxton Trust (the Trust or the Charitable Company) for the period ended 31 August 2018. The Annual Report serves the purposes of both a Trustees' Report, and a Directors' Report under company law.

The Trust operates two academy schools serving a catchment area in Stevenage. The Schools have a combined capacity of 1,240 and had a roll of 1,176 in the autumn 2019 census.

Structure, governance and management

The Trust is a company limited by guarantee and an exempt charity. The Charitable Company's Memorandum and Articles of Association are its primary governing documents. The Trustees of the Charitable Company are also the Directors for the purposes of company law. The terms 'Trustee' and 'Director' are interchangeable. The Charitable Company includes the following Academies (Schools):

- Camps Hill Primary School; converted on 1st April 2017
- Fairlands Primary School; converted on 1st April 2017

The operation of the Trust's Academies and employment of staff are the responsibility of the Trustees. The Board of Trustees retains control of Academy budgets and finances, and monitors these through its Finance and Audit Committee. Throughout this report, the Board of Trustees is referred to as the Board. Each Academy has appointed a Local Governing Body (LGB) who have delegated authority to administer their Academy within agreed budgets.

Details of the Trustees who served throughout the period are included in the reference and administrative details section. Within this Report, the term Trustee refers to a member of the Board and the term Governor to a member of an LGB. Details of the Trustees who served during the year are included in the reference and administrative details section.

Members' liability

Each Member of the Charitable Company undertakes to contribute to the assets of the Charitable Company in the event of it being wound up while they are a Member, or within one year after they cease to be a Member, such amount as may be required, not exceeding £10, for the debts and liabilities contracted before they ceased to be a Member.

Trustees and Officers' indemnities

In accordance with normal commercial practice the Trust is a member of the Department for Education risk protection arrangement (RPA) and thus has arrangements to protect Trustees, Governors and Officers from claims arising from negligent acts, errors or omissions occurring whilst on Academy business. Membership provides for unlimited cover on any one claim.

Method of recruitment and appointment or election of trustees

The Articles of Association states that the number of Trustees shall be not less than three but (unless otherwise determined by ordinary resolution) shall not be subject to any maximum.

In accordance with the Articles of Association, the Trust has the following trustees:

- up to 5 member-appointed Trustees.
- 2 Academy Trustees.
- the Chief Executive Officer.
- the Vice Chief Executive Officer.

There are no Parent Trustees as provision has been made for Parent Governors at each Academy.

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Trustees are appointed for a fixed term. The Chief Executive Officer (CEO) and the Vice Chief Executive Officer (VCEO) are ex officio members of the Board. Other Trustees are elected to office or appointed if there are insufficient candidates offering themselves for election.

Policies and procedures adopted for the induction and training of Trustees and Governors

The Trust is committed to providing adequate opportunities for Trustees and Governors to undertake and receive suitable training to enable them to perform their role effectively. To this end, the Trust links with local training providers. New Trustees and Governors are required to complete an induction programme as detailed in the Trust induction policy, including provision of policy and procedure documents that are appropriate to the role they undertake.

Organisational structure

The governance of the Trust is defined in the Memorandum and Articles of Association together with the funding agreement with the Department of Education.

The Board meets on at least three occasions per year and its subcommittee, the Audit Committee, will meet at least three times per year. The Board is responsible for the strategic direction of the Trust. The Trustees are responsible for setting strategic policy, adopting an annual plan and budget, monitoring the Trust using those budgets and making major decisions about the direction of the Trust, capital expenditure and senior staff appointments.

The Governors are responsible for implementing strategic policy, ensuring the appropriateness of annual budgets and capital expenditure projects for their Academy and monitoring performance against that budget and authorised capital limits.

The Senior Leadership Teams (SLT's) control the Academies at an executive level implementing policies and reporting to their LGB. Each SLT is responsible for the day to day operation of their Academy, organising staff, resources and students. They are responsible for the authorisation of spending within agreed budgets and for the appointment of staff following vetting and safeguarding recruitment processes.

The Headteacher Strategic Group (HTSG) looks across the Trust and aligns local SLT and LGB activity with the strategic aims of the Trust.

The Trust's CEO is the Accounting Officer.

Arrangements for setting pay and remuneration of key management personnel

Key management personnel, are those persons having authority and responsibility for planning, directing and controlling the activities of a reporting entity, directly or indirectly, including any Trustee (whether executive or otherwise) and include:

- all Trustees, who receive no pay or remuneration in respect of their roles, unless they are ex-officio trustees.
- CEO - ex-officio Trustee
- VCEO - ex-officio Trustee
- Headteachers within the HTSG
- CFO
- VCFO

The pay of the CEO and VCEO, who are also the Headteachers in each Academy, is set annually by the Board within the Trust pay policy and having regard to performance against objectives set the previous year, the academy group size, and individual school range as set out in the School Teachers' Pay and Conditions Document (STPCD).

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The CFO, the VCFO and Headteachers who sit on the HTSG receive remuneration for their role as staff and their pay is determined in the same way as applicable to all other staff as set out in the approved pay policy, which is reviewed annually. Where applicable, this is based on the STPCD; performance against objectives; pay scales for each role; and the level of experience of each staff member. In addition, pay levels may be affected by nationally agreed pay awards; and the ability to recruit and retain in post, in accordance with the trust's appointment and pay policies.

All amendments to key management's pay and remuneration is approved by the appropriate sub-committee and ratified by the Board.

Trade Union Facility Time

Trade Union Facility Time will be outsourced to Hertfordshire County Council from September 2019, therefore no payments or time were allocated in 2018/19.

Related parties and other connected charities and organisations

Owing to the nature of the Trust's operations and the composition of the Board being drawn from local public and private sector organisations, it is inevitable that from time to time transactions will take place with organisations in which Trustees may have an interest. All transactions involving such organisations are conducted at arm's length and in accordance with the Trust's financial regulations and normal procedures. Any transaction where a Trustee may have a pecuniary interest is only undertaken in accordance with the 'at cost' principle described in the Academies Financial Handbook.

The Trust does not have a formal sponsor.

Objectives and activities

Objects and aims

The principal object and aim of the Charitable Company is the operation of two Academies to provide free education and care for pupils of different abilities within its local community between the ages of 2 and 11.

Objectives, strategies and activities

The main objectives for the Trust and the strategies to achieve them, during the last financial year were:

Building for better futures

- All Schools will set a balanced three year budget.
- All Schools will sustain pupil numbers and all year groups will be full.
- 80% of good or better teaching. 0% of inadequate teaching.
- Staff attendance maintained above 95% in all Schools.

Our children will lead happy and fulfilling lives

- All children accessing education in a good or better School.
- Proportion of children achieving expected standards will be at or above national average at all key stages.
- All Schools will promote a therapeutic approach to behaviour management.
- A minimum of 95% of pupils and parents would recommend their School.
- Attendance data will be at or above the national average.
- All Schools will offer targeted support for social, emotional and mental health needs.

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Growing a collaborative community

- Every stakeholder will engage in experiences across the Trust.
- School to School support will be used for trust growth.
- All stakeholders are engaged in inspiration through collaboration.
- All Schools have recent examples of showing great practice across and beyond the Trust.

Extending the boundaries of learning

- All Schools working beyond the trust to strengthen wider partnerships.
- All Schools will review annually provision for disadvantaged children and SEND.
- 100% of staff accessing focused professional development opportunities.
- All Schools will design an individual curriculum to meet local need, which also reflects the shared values and ethos of the Trust.

Public benefit

The Trustees believe that by working towards the objects and aims of the Trust as detailed above, they have complied with their duty to have due regard to the guidance on public benefit published by the Charity Commission.

Strategic report

Achievements and performance

The Trust has made good progress against its main objectives and work continues towards these into the next academic year.

Specific achievements were as follows:

- the formal governance arrangements for the Board and the LGB's continue to operate well;
- key policies ensure compliance and consistency across the Trust;
- robust financial procedures and processes for internal control have been embedded and recommendations from the last financial audit have been implemented;
- a clear vision for the future development of the Trust has been articulated by leadership teams across the Trust;
- professional development opportunities have been provided across the Trust to improve quality of provision;
- both Schools have maintained their status as being judged 'good' by Ofsted and through latest external moderation of school-based self-evaluation; and
- None of the Schools in the Trust would be deemed to be coasting.

Key performance indicators

The Trustees receive regular information at each committee meeting to enable them to monitor the performance of the Trust compared to aims, strategies and financial budgets.

As funding is based on pupil numbers this is a key performance indicator. Total pupil numbers at the end of the financial year were 1,184 against a forecast of 1,135.

Another key financial performance indicator is staffing costs as a percentage of total recurrent grant income. For 2018/19 this was between 85-94% against set parameters of 75-80%. The Trustees are aware of this differential and monitor staffing costs closely, alongside other income sources, to proactively manage any associated risks and take action to prevent a deficit budget.

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The Finance and Audit Committee also monitor the management accounts and cash flow on a regular basis to ensure that the budget is set and managed appropriately. All the above KPI's were within the parameters set by the Board.

Going Concern

After making appropriate enquiries, the Trustees have a reasonable expectation that the Trust has adequate resources to continue in operational existence for the foreseeable future. For this reason, it continues to adopt the going concern basis in preparing the financial statements. Further details regarding the adoption of the going concern basis can be found in the statement of accounting policies.

Financial Review

The principal source of funding for the Trust is the General Annual Grant (GAG) and other grants that it receives from the Education, Skills and Funding Agency (ESFA).

For the period ended 31 August 2019, the Trust received:

- £4,225,541 of GAG and other ESFA funding.
- £66,765 in other income, including from lettings, donations, fundraising and grants from other sources.
- £64,541 in capital income .

A high percentage of the income was spent on salaries and non-capital costs to deliver the Trust's primary objective of the provision of education. During the year, the trust spent £6,038,703 on such expenditure.

An additional £71,275 was transferred to support capital new build and improvement projects on the various Academy sites.

The carry forward for 2018/19 is £12,805,319 restricted funding and £651,100 unrestricted funding.

Due to the accounting rules for the Local Government Pension Scheme (LGPS) under FRS102, the Trust is recognising a significant pension fund deficit of £2,086,000. This does not mean that an immediate liability for this amount crystallises and such a deficit generally results in a cash flow effect in the form of increased employer contributions over subsequent years.

Reserves Policy

The Trustees are aware of the requirement to balance current and future needs and always aim to set a balanced budget with annual income balancing annual expenditure. The Trustees monitor estimated year-end carry forward figures via the monthly reports from the CFO. The budget plan identifies how any carry forward will be allocated in the plan for the following academic year, including the identification of any funds earmarked for a specific project or purpose.

The Trust's current level of free reserves (total funds less the amount held in fixed assets and restricted funds) is £651,100. This has been built up from locally raised income.

The Trustees have made a decision to designate unrestricted balances of £10,000 for future capital projects, and is holding other unrestricted funds of £10,000 to cover future increases in costs and expenditure that may arise from uninsurable losses. The trust holds £20,000 for in year contingencies and always plans to have a carry forward of between 1% and 2% to assist in making strategic decisions to keep in line with national funding changes and curriculum needs.

The Trust's balance on restricted general funds (excluding pension reserve) plus the balance on unrestricted funds at 31 August 2019 was £651,100.

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The cash balance of the Trust has been very healthy all year, ending the year with a balance of £813,224. A significant proportion of this cash is held against specific projects and is not available to meet normal recurring expenditure. The Trustees monitor cash flow as part of the Audit Committee and attempt to hold a minimum of £150,000 to cover short term cash flow variances.

Investment policy

An investments policy was approved by the Board on 15th October 2018. The aim of the policy is to ensure funds that the Trust does not immediately need to cover anticipated expenditure are invested to maximise its income but with minimal risk. The aim is to research where funds may be deposited applying prudence in ensuring there is minimum risk. Both Academies have chosen not to invest their cash balances to ensure that bank accounts had sufficient cash flow to sustain day to day business.

Principal risks and uncertainties

The Board works with the LGB's in maintaining a central risk register identifying the major risks, to which each Academy is exposed, and identifying actions and procedures to mitigate those risks. This register is approved and monitored by the Board via the Finance and Audit Committee with a formal review of the process undertaken on an annual basis. The internal control systems and the exposure to identified risks are monitored on behalf of the Trustees at each Audit Committee meeting. The principal risks facing the Trust are outlined below; those facing the Academies at an operational level are addressed by its systems and by internal financial and other controls.

The Trustees report that the Trust's financial and internal controls conform to guidelines issued by the ESFA, and that improvements to the wider framework of systems dealing with business risk and risk management strategy continue to be made and formally documented.

It is recognised that systems can only provide reasonable but not absolute assurance that major risks have been adequately managed.

As a group of academy schools, the level of financial risk is low. Cash flows can be reliably forecast, monitored and reported. Staff costs make up most expenditure and are relatively stable with contingencies in place to cover such items as sickness and maternity.

The Trustees assess the other principal risks and uncertainties facing the Trust as follows:

- each Academy has considerable reliance on continued Government funding through the ESFA and there is no assurance that Government policy or practice will remain the same or that public funding will continue at the same levels or on the same terms;
- failures in governance and/or management - the risk in this area arises from potential failure to effectively manage the Trust's finances, internal controls, compliance with regulations and legislation, statutory returns, etc. the Trustees continue to review and ensure that appropriate measures are in place to mitigate these risks;
- reputational - the continuing success of the individual Academies is dependent on continuing to attract applicants in sufficient numbers by maintaining the highest educational standards. To mitigate this risk, Trustees ensure that student progress and outcomes are closely monitored and reviewed;
- safeguarding and child protection - the Trustees continue to ensure that the highest standards are maintained in the areas of selection and monitoring of staff, the operation of child protection policies and procedures, health & safety and discipline;
- staffing - the success of the Academies is reliant on the quality of its staff and the Trustees monitor and review policies and procedures and recruitment to ensure continued development and training of staff as well as ensuring there is clear succession planning;
- fraud and mismanagement of funds – the Trust has appointed an Internal Auditor to carry out independent and external checks on financial systems and records as required by the Academy Financial Handbook. All finance staff receive training to keep up to date with financial practice requirements and develop their skills in this area;

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- financial instruments – the Trust only deals with bank balances, cash and trade creditors, with limited trade (and other) debtors. The risk in this area is considered to be low; and
- defined benefit pension liability – as the Government has agreed to meet the defined benefit pension liability of any academy ceasing to exist the main risk to the Trust is an annual cash flow funding of part of the deficit. Trustees take these payments into account when setting the annual budget plan.

The Trust and each Academy have continued to strengthen its risk management process throughout the year by improving the process and ensuring staff awareness.

Fundraising

The Trust only held small fundraising events during the year including Christmas and summer fetes, community events and non uniform days. The Trust does not work with professional fundraisers or companies who carry out fundraising on its behalf. During the year no complaints or issues have arisen as a result of the fundraising events.

Plans for future periods

Academies' plans are set out in their respective school development plans for 2019-2020.

A key focus across both Academies is to ensure the planned curriculum is ambitious in improving outcomes for all learners.

Funds held as custodian trustee on behalf of others

There are no funds held as a custodian Trustee on behalf of others.

Auditor

Insofar as the Trustees are aware:

- there is no relevant audit information of which the Charitable Company's Auditor is unaware, and
- the Trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the Auditor is aware of that information.

The Trustees' Report, incorporating a Strategic Report, was approved by the Board of Trustees on 21 November 2019 and signed on the board's behalf by:

Mrs C Kemp
Chair of Trustees

THE CLAXTON TRUST
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GOVERNANCE STATEMENT

Scope of responsibility

As Trustees, we acknowledge we have overall responsibility for ensuring that The Claxton Trust has an effective and appropriate system of control, financial and otherwise. However, such a system is designed to manage rather than eliminate the risk of failure to achieve business objectives, and can provide only reasonable and not absolute assurance against material misstatement or loss.

The Board of Trustees has delegated the day-to-day responsibility to the CEO, as Accounting Officer, for ensuring financial controls conform with the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the funding agreement between The Claxton Trust and the Secretary of State for Education. They are also responsible for reporting to the Board of Trustees any material weaknesses or breakdowns in internal control.

Governance

The information on governance included here supplements that described in the Trustees' Report and in the Statement of Trustees' Responsibilities. The Board of Trustees has formally met three times during the year. The Board met fewer than six times during the year. The Board is satisfied that through the use of sub-committees it maintains effective oversight.

Attendance during the year at meetings of the Board of Trustees was as follows:

Trustee	Meetings attended	Out of a possible
Mrs C Kemp, Chair of Trustees	3	3
Mr G Rumsey	3	3
Mr R Staples, CEO	3	3
Mrs E Flawn, Vice CEO	3	3
Mrs G Louch	3	3
Mrs D Pepe	2	3
Mrs J Wolfe	2	3
Mrs H Yendell, Vice Chair of Trustees	3	3

Review of year

One Trustee resigned at the end of the year due to relocation, and the Trust is proactively seeking to recruit a replacement with a similar skill set. There have been no further changes to the composition of the Board.

During the year, the Board has developed a Trust Improvement Strategy based on Professor Toby Greany's research report on sustainable improvement in multi-school groups. The strategy draws on the two sets of high-level practices that are necessary for sustainable improvement at scale as a framework to identify where governance responsibilities lie within the Trust.

The Board uses a combination of high quality headline data and diagnostic information, provided by the CEO team, Local Governing Bodies, the Finance and Audit Committee and external agencies to determine the improvement needs and identify the appropriate solutions for each School, and to measure and monitor improvement, where necessary.

The Board undertook a review of effectiveness during the summer term. As a result, the Board has strengthened and embedded a comprehensive programme of internal scrutiny to provide assurance to the Board that the Trust's financial and other controls, including risk management procedures, are operating effectively. Internal scrutiny focuses on:

- evaluating the suitability of, and level of compliance with, financial and other controls;
- offering advice and insight to the board on how to address weaknesses in financial and other controls; and
- ensuring all categories of risk are being adequately identified, reported and managed.

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GOVERNANCE STATEMENT (CONTINUED)

Governance (continued)

The Board conducts an annual skills audit to ensure that Trustees have the skills and experience required to fulfil their duties. This is supported by an annual internal review of effectiveness, which took place during the summer term. An external peer review of governance is also planned for later this academic year. The Board continues to deem itself effective in its duties.

The Finance and Audit Committee take delegated responsibility for financial oversight, including monthly review of management accounts, and report any concerns to the Board. The Chair of the Board also receives the management accounts monthly.

The Finance and Audit Committee is also a sub-committee of the main Board of Trustees. Its purpose is to:

- fulfil the Trust's responsibilities as set out in the Academies Financial Handbook and ensure compliance with the Funding Agreement and with the Secretary of State for Education.
- take responsibility for monitoring the suitability and effectiveness of the Trust's systems of internal control, including an annual review of the internal control framework.
- ensure compliance with the internal control framework through a programme of internal scrutiny, including internal audit visits.
- commission external audit on behalf of the Board.
- receive the reports from external audit, internal audit and any regulatory other bodies and consider any issues raised, agreeing a management response and action plans.
- monitor, within an agreed timescale, the implementation of agreed actions and recommendations relating to internal audit reports, and the external Auditor's management letter.
- prepare a recommended Trust budget for Board approval, including income and expenditure and cash forecasts.
- approve orders and payments for centralised expenditure in line with scheme of delegation.
- receive monthly management accounts and scrutinise the financial position and ensure ongoing viability
- oversee submissions to the DfE and ESFA that affect funding, including census and capital returns, and ensuring time submission of financial and Company returns
- review the Trust risk register termly and preparing an annual review of risk for the Board
- oversee the Trust's approach to efficiency and effectiveness (value for money).
- oversee the development and implementation of policies relating to financial management.

Attendance during the year at meetings was as follows:

Trustee	Meetings attended	Out of a possible
Gordon Rumsey	3	3
Claire Peacock	3	3
Minash Khambhaita	3	3
Jo Wibberley-Young	3	3
Jenny Johnson	3	3
Robert Staples	0	1

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GOVERNANCE STATEMENT (CONTINUED)

Review of value for money

As Accounting Officer, the CEO has responsibility for ensuring that the Trust delivers good value in the use of public resources. The Accounting Officer understands that value for money refers to the educational and wider societal outcomes achieved in return for the taxpayer resources received.

The Accounting Officer considers how the Trust's use of its resources has provided good value for money during each academic year, and reports to the Board of Trustees where value for money can be improved, including the use of benchmarking data where appropriate. The Accounting Officer has delivered improved value for money during the year by:

- introducing a central function to further streamline procurement of key contracts across the trust to identify savings and ensure value for money;
- benchmarking existing services and suppliers against the DfE-approved frameworks; and
- alignment of IT services across Schools within the Trust.

The purpose of the system of internal control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives. It can, therefore, only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of Trust policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in The Claxton Trust for the year 1 September 2018 to 31 August 2019 and up to the date of approval of the Annual Report and financial statements.

Capacity to handle risk

The Board of Trustees has reviewed the key risks to which the Trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Board of Trustees is of the view that there is a formal ongoing process for identifying, evaluating and managing the Trust's significant risks that has been in place for the year 1 September 2018 to 31 August 2019 and up to the date of approval of the Annual Report and financial statements. This process is regularly reviewed by the Board of Trustees.

The risk and control framework

The Trust's system of internal financial control is based on a framework of regular management information and administrative procedures including the segregation of duties and a system of delegation and accountability. In particular, it includes:

- comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the Board of Trustees;
- regular reviews by the Finance and General Purposes Committee of reports which indicate financial performance against the forecasts and of major purchase plans, capital works and expenditure programmes;
- setting targets to measure financial and other performance;
- clearly defined purchasing (asset purchase or capital investment) guidelines;
- delegation of authority and segregation of duties; and
- identification and management of risks.

The Board of Trustees has a programme of internal scrutiny in place to provide assurance to the board that the Trust's financial and other controls, including risk management procedures, are operating effectively.

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GOVERNANCE STATEMENT (CONTINUED)

The risk and control framework (continued)

Internal scrutiny focuses on:

- evaluating the suitability of, and level of compliance with, financial and other controls
- offering advice and insight to the Board on how to address weaknesses in financial and other controls
- ensuring all categories of risk are being adequately identified, reported and managed.

Each local governing body appoints a responsible officer, who conducts at least one visit per term, focusing on a specific area of the internal control framework as determined by the finance and audit committee. Results are reported back to the Finance and Audit Committee and to the Board. Visits during 2018-19 included:

- a review of debt management and recovery processes
- a review of financial processes surrounding extended provision
- an in-depth review of risk management processes.

The Board also appoints Herts for Learning as Internal Auditor. The Internal Auditor's role includes giving advice on financial matters and performing a range of checks on the Academy Trust's financial systems. In particular, the checks carried out in the current period included:

- reviewing the asset management policy
- ensuring that fixed asset additions are correctly accounted for, on a timely basis
- ensuring that fixed asset disposals are correctly accounted for, on a timely basis
- checking that the fixed asset register is up to date and reconciles back to the finance management system
- checking that assets are adequately secured
- ensuring that depreciation is correctly calculated and posted to the finance management system

On an annual basis, the Internal Auditor reports to the Board of Trustees, through the Finance and Audit Committee on the operation of the systems of control and on the discharge of the Board of Trustees' financial responsibilities.

The Internal Auditor has delivered their schedule of work as planned and there were no material control issues arising as a result of their work.

Review of effectiveness

As Accounting Officer, the CEO has responsibility for reviewing the effectiveness of the system of internal control. During the year in question the review has been informed by:

- the work of the ;
- the work of the external Auditors;
- the work of the executive managers within the Trust who have responsibility for the development and maintenance of the internal control framework.

The Accounting Officer has been advised of the implications of the result of their review of the system of internal control by the Committee and a plan to address weaknesses and ensure continuous improvement of the system is in place.

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GOVERNANCE STATEMENT (CONTINUED)

Approved by the Board of Trustees on 13 December 2019 and signed on their behalf by:

Mrs C Kemp
Chair of Trustees

Mr R Staples
Accounting Officer

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STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE

As Accounting Officer of The Claxton Trust I have considered my responsibility to notify the Board of Trustees and the Education & Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with terms and conditions of all funding received by the Trust, under the funding agreement in place between the Trust and the Secretary of State for Education. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2018.

I confirm that I and the Board of Trustees are able to identify any material irregular or improper use of all funds by the Trust, or material non-compliance with the terms and conditions of funding under the Trust's funding agreement and the Academies Financial Handbook 2018.

I confirm that no instances of material irregularity, impropriety or funding non-compliance have been discovered to date. If any instances are identified after the date of this statement, these will be notified to the Board of Trustees and ESFA.

Mr R Staples
Accounting Officer
Date: 13 December 2019

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STATEMENT OF TRUSTEES' RESPONSIBILITIES
FOR THE YEAR ENDED 31 AUGUST 2019

The Trustees (who are also the Directors of the Charitable Company for the purposes of company law) are responsible for preparing the Trustees' Report and the financial statements in accordance with the Academies Accounts Direction published by the Education & Skills Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

Company law requires the Trustees to prepare financial statements for each financial year. Under company law the Trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Charitable Company and of its incoming resources and application of resources, including its income and expenditure, for that period. In preparing these financial statements, the Trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles of the Charities SORP 2015 and the Academies Accounts Direction 2018 to 2019;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Charitable Company will continue in business.

The Trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the Charitable Company's transactions and disclose with reasonable accuracy at any time the financial position of the Charitable Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Charitable Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Trustees are responsible for ensuring that in its conduct and operation the Charitable Company applies financial and other controls, which conform with the requirements both of propriety and of good financial management. They are also responsible for ensuring grants received from ESFA/DfE have been applied for the purposes intended.

The Trustees are responsible for the maintenance and integrity of the corporate and financial information included on the Charitable Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Approved by the Board of Trustees on 13 December 2019 and signed on its behalf by:

Mrs C Kemp
Chair of Trustees

THE CLAXTON TRUST
(A Company Limited by Guarantee)

INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF THE CLAXTON TRUST

Opinion

We have audited the financial statements of The Claxton Trust (the 'Trust') for the year ended 31 August 2019 which comprise the Statement of Financial Activities, the Balance Sheet, the Statement of Cash Flows and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', the Charities SORP 2015 and the Academies Accounts Direction 2018 to 2019 issued by the Education & Skills Funding Agency.

In our opinion the financial statements:

- give a true and fair view of the state of the Trust's affairs as at 31 August 2019 and of its incoming resources and application of resources, including its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006, the Charities SORP 2015 and the Academies Accounts Direction 2018 to 2019 issued by the Education & Skills Funding Agency.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our Report. We are independent of the Trust in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Trust's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

THE CLAXTON TRUST
(A Company Limited by Guarantee)

**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF THE
CLAXTON TRUST (CONTINUED)**

Other information

The Trustees are responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our Auditors' Report thereon. Other information includes the Reference and Administrative Details, the Trustees' Report including the Strategic Report, and the Governance Statement Accounting Officer's Statement. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our Report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Trustees' Report including the Strategic Report for the financial year for which the financial statements are prepared is consistent with the financial statements.
- the Trustees' Report and the Strategic Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of our knowledge and understanding of the Trust and its environment obtained in the course of the audit, we have not identified material misstatements in the Trustees' Report including the Strategic Report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

THE CLAXTON TRUST
(A Company Limited by Guarantee)

INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF THE CLAXTON TRUST (CONTINUED)

Responsibilities of trustees

As explained more fully in the Trustees' Responsibilities Statement, the Trustees (who are also the Directors of the Charitable Company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Trustees are responsible for assessing the Trust's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Trustees either intend to liquidate the Trust or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an Auditors' Report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our Auditors' Report.

Use of our report

This Report is made solely to the Trust's Members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Trust's Members those matters we are required to state to them in an Auditors' Report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Trust and its Members, as a body, for our audit work, for this Report, or for the opinions we have formed.

Gary Miller (Senior Statutory Auditor)
for and on behalf of
Price Bailey LLP
Chartered Accountants
Statutory Auditors
Causeway House
1 Dane Street
Bishop's Stortford
Hertfordshire
CM23 3BT

17 December 2019

THE CLAXTON TRUST
(A Company Limited by Guarantee)

**INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO THE
CLAXTON TRUST AND THE EDUCATION & SKILLS FUNDING AGENCY**

In accordance with the terms of our engagement letter dated 26 October 2018 and further to the requirements of the Education & Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2018 to 2019, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by The Claxton Trust during the year 1 September 2018 to 31 August 2019 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

This Report is made solely to The Claxton Trust and the ESFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to The Claxton Trust and ESFA those matters we are required to state in a report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than The Claxton Trust and ESFA, for our work, for this Report, or for the conclusion we have formed.

Respective responsibilities of The Claxton Trust's Accounting Officer and the Reporting Accountant

The Accounting Officer is responsible, under the requirements of The Claxton Trust's funding agreement with the Secretary of State for Education dated 1 April 2017 and the Academies Financial Handbook, extant from 1 September 2018, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Academies Accounts Direction 2018 to 2019. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the year 1 September 2018 to 31 August 2019 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

Approach

We conducted our engagement in accordance with the Academies Accounts Direction 2018 to 2019 issued by ESFA. We performed a limited assurance engagement as defined in our engagement letter.

The objective of a limited assurance engagement is to perform such procedures as to obtain information and explanations in order to provide us with sufficient appropriate evidence to express a negative conclusion on regularity.

A limited assurance engagement is more limited in scope than a reasonable assurance engagement and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in a reasonable assurance engagement. Accordingly, we do not express a positive opinion.

Our engagement includes examination, on a test basis, of evidence relevant to the regularity and propriety of the Trust's income and expenditure.

THE CLAXTON TRUST
(A Company Limited by Guarantee)

**INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO THE
CLAXTON TRUST AND THE EDUCATION & SKILLS FUNDING AGENCY (CONTINUED)**

- An assessment of the risk of material irregularity, impropriety and non-compliance
- Consideration and corroboration of the evidence supporting the Accounting Officer's statement on regularity, propriety and compliance and how the Trust complies with the framework of authorities.
- Evaluation of the general control environment of the Trust, extending the procedures required for financial statements to include regularity, propriety and compliance
- Discussions with and representations from the Accounting Officer and other key management personnel.
- An extension of substantive testing from our audit of the financial statements to cover matters pertaining to regularity, in order to support the regularity conclusion, including governance, internal controls, procurement and the application of income.

Conclusion

In the course of our work, nothing has come to our attention which suggest in all material respects the expenditure disbursed and income received during the year 1 September 2018 to 31 August 2019 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

Reporting Accountant

Price Bailey LLP

Date: 17 December 2019

THE CLAXTON TRUST
(A Company Limited by Guarantee)

**STATEMENT OF FINANCIAL ACTIVITIES (INCORPORATING INCOME AND EXPENDITURE ACCOUNT)
FOR THE YEAR ENDED 31 AUGUST 2019**

	Note	Unrestricted funds 2019 £	Restricted funds 2019 £	Restricted fixed asset funds 2019 £	Total funds 2019 £	Total funds 2018 £
Income from:						
Donations and capital grants	3	-	66,765	61,541	128,306	680,441
Charitable activities	4	75,591	5,082,165	-	5,157,756	5,026,939
Other trading activities	5	250,095	-	-	250,095	190,275
Investments		1,560	-	-	1,560	377
Total income		327,246	5,148,930	61,541	5,537,717	5,898,032
Expenditure on:						
Charitable activities	7	197,124	5,252,655	588,924	6,038,703	5,830,666
Total expenditure		197,124	5,252,655	588,924	6,038,703	5,830,666
Net income/ (expenditure)		130,122	(103,725)	(527,383)	(500,986)	67,366
Transfers between funds	18	-	(71,275)	71,275	-	-
Net movement in funds before other recognised gains/(losses)		130,122	(175,000)	(456,108)	(500,986)	67,366
Other recognised gains/(losses):						
Actuarial losses on defined benefit pension schemes	23	-	(723,000)	-	(723,000)	394,000
Net movement in funds		130,122	(898,000)	(456,108)	(1,223,986)	461,366
Reconciliation of funds:						
Total funds brought forward		520,978	(1,188,000)	15,347,427	14,680,405	14,219,039
Net movement in funds		130,122	(898,000)	(456,108)	(1,223,986)	461,366
Total funds carried forward		651,100	(2,086,000)	14,891,319	13,456,419	14,680,405

The Statement of Financial Activities includes all gains and losses recognised in the year.

The notes on pages 24 to 46 form part of these financial statements.

THE CLAXTON TRUST
(A Company Limited by Guarantee)
REGISTERED NUMBER: 10461895

BALANCE SHEET
AS AT 31 AUGUST 2019

	Note		2019 £		2018 £
Fixed assets					
Tangible assets	15		14,891,319		15,064,065
			<u>14,891,319</u>		<u>15,064,065</u>
Current assets					
Debtors	16	250,879	695,855		
Cash at bank and in hand		813,224	769,529		
		<u>1,064,103</u>	<u>1,465,384</u>		
Creditors: amounts falling due within one year	17	(413,003)	(661,044)		
Net current assets			<u>651,100</u>		<u>804,340</u>
Total assets less current liabilities			<u>15,542,419</u>		<u>15,868,405</u>
Defined benefit pension scheme liability	23		(2,086,000)		(1,188,000)
Total net assets			<u><u>13,456,419</u></u>		<u><u>14,680,405</u></u>
Funds of the Trust					
Restricted funds:					
Fixed asset funds	18	14,891,319	15,347,427		
Restricted funds excluding pension liability	18	14,891,319	15,347,427		
Pension reserve	18	(2,086,000)	(1,188,000)		
Total restricted funds	18		<u>12,805,319</u>		<u>14,159,427</u>
Unrestricted income funds	18		651,100		520,978
Total funds			<u><u>13,456,419</u></u>		<u><u>14,680,405</u></u>

The financial statements on pages 21 to 46 were approved by the Trustees, and authorised for issue on 13 December 2019 and are signed on their behalf, by:

Mrs C Kemp
Chair of Trustees

THE CLAXTON TRUST
(A Company Limited by Guarantee)

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 AUGUST 2019

	Note	2019 £	2018 £
Cash flows from operating activities			
Net cash provided by operating activities	20	400,456	601,222
Cash flows from investing activities		(356,761)	(400,493)
Change in cash and cash equivalents in the year		43,695	200,729
Cash and cash equivalents at the beginning of the year		769,529	568,800
Cash and cash equivalents at the end of the year	22	<u>813,224</u>	<u>769,529</u>

THE CLAXTON TRUST
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

1. Accounting policies

A summary of the principal accounting policies adopted (which have been applied consistently, except where noted), judgments and key sources of estimation uncertainty, is set out below.

1.1 Basis of preparation of financial statements

The financial statements of the Trust, which is a public benefit entity under FRS 102, have been prepared under the historic cost convention in accordance with the Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102), the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (Charities SORP (FRS 102)), the Academies Accounts Direction 2018 to 2019 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

The Claxton Trust meets the definition of a public benefit entity under FRS 102.

1.2 Going concern

The Trustees assess whether the use of going concern is appropriate i.e. whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of the Trust to continue as a going concern. The Trustees make this assessment in respect of a period of at least one year from the date of authorisation for issue of the financial statements and have concluded that the Trust has adequate resources to continue in operational existence for the foreseeable future and there are no material uncertainties about the Trust's ability to continue as a going concern, thus they continue to adopt the going concern basis of accounting in preparing the financial statements.

1.3 Income

All incoming resources are recognised when the Trust has entitlement to the funds, the receipt is probable and the amount can be measured reliably.

• **Grants**

Grants are included in the Statement of Financial Activities on a receivable basis. The balance of income received for specific purposes but not expended during the period is shown in the relevant funds on the Balance Sheet. Where income is received in advance of meeting any performance-related conditions there is not unconditional entitlement to the income and its recognition is deferred and included in creditors as deferred income until the performance-related conditions are met. Where entitlement occurs before income is received, the income is accrued.

General Annual Grant is recognised in full in the Statement of Financial Activities in the year for which it is receivable and any abatement in respect of the year is deducted from income and recognised as a liability.

Capital grants are recognised in full when there is an unconditional entitlement to the grant. Unspent amounts of capital grants are reflected in the Balance Sheet in the restricted fixed asset fund. Capital grants are recognised when there is entitlement and are not deferred over the life of the asset on which they are expended.

• **Donations**

Donations are recognised on a receivable basis (where there are no performance-related conditions) where the receipt is probable and the amount can be reliably measured.

• **Other income**

Other income, including the hire of facilities, is recognised in the period it is receivable and to the extent the Trust has provided the goods or services.

THE CLAXTON TRUST
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

1. Accounting policies (continued)

1.4 Expenditure

Expenditure is recognised once there is a legal or constructive obligation to transfer economic benefit to a third party, it is probable that a transfer of economic benefits will be required in settlement and the amount of the obligation can be measured reliably. Expenditure is classified by activity. The costs of each activity are made up of the total of direct costs and shared costs, including support costs involved in undertaking each activity. Direct costs attributable to a single activity are allocated directly to that activity. Shared costs which contribute to more than one activity and support costs which are not attributable to a single activity are apportioned between those activities on a basis consistent with the use of resources.

• **Charitable activities**

These are costs incurred on the Trust's educational operations, including support costs and costs relating to the governance of the Trust apportioned to charitable activities.

All resources expended are inclusive of irrecoverable VAT.

1.5 Interest receivable

Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the Trust; this is normally upon notification of the interest paid or payable by the institution with whom the funds are deposited.

1.6 Tangible fixed assets

Assets costing £1,000 or more are capitalised as tangible fixed assets and are carried at cost, net of depreciation and any provision for impairment.

Where tangible fixed assets have been acquired with the aid of specific grants, either from the government or from the private sector, they are included in the Balance Sheet at cost and depreciated over their expected useful economic life. Where there are specific conditions attached to the funding requiring the continued use of the asset, the related grants are credited to a restricted fixed asset fund in the Statement of Financial Activities and carried forward in the Balance Sheet. Depreciation on the relevant assets is charged directly to the restricted fixed asset fund in the Statement of Financial Activities. Where tangible fixed assets have been acquired with unrestricted funds, depreciation on such assets is charged to the unrestricted fund.

Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost of each asset on a straight-line basis over its expected useful life, as follows:

Depreciation is provided on the following bases:

Long term leasehold property	- 20 - 50 years
Long term leasehold land	- 125 years
Furniture and equipment	- 10 years
Computer equipment	- 5 years

A review for impairment of a fixed asset is carried out if events or changes in circumstances indicate that the carrying value of any fixed asset may not be recoverable. Shortfalls between the carrying value of fixed assets and their recoverable amounts are recognised as impairments. Impairment losses are recognised in the Statement of Financial Activities.

THE CLAXTON TRUST
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

1. Accounting policies (continued)

1.7 Debtors

Trade and other debtors are recognised at the settlement amount after any trade discount offered. Prepayments are valued at the amount prepaid net of any trade discounts due.

1.8 Cash at bank and in hand

Cash at bank and in hand includes cash and short-term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

1.9 Liabilities

Liabilities are recognised when there is an obligation at the balance sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably. Liabilities are recognised at the amount that the Trust anticipates it will pay to settle the debt or the amount it has received as advanced payments for the goods or services it must provide.

1.10 Financial instruments

The Trust only holds basic financial instruments as defined in FRS 102. The financial assets and financial liabilities of the Trust and their measurement bases are as follows:

Financial assets - trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost as detailed in note 16. Prepayments are not financial instruments. Cash at bank is classified as a basic financial instrument and is measured at face value.

Financial liabilities - trade creditors, accruals and other creditors are financial instruments, and are measured at amortised cost as detailed in note 17. Taxation and social security are not included in the financial instruments disclosure definition. Deferred income is not deemed to be a financial liability, as the cash settlement has already taken place and there is an obligation to deliver services rather than cash or another financial instrument.

THE CLAXTON TRUST
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

1. Accounting policies (continued)

1.11 Pensions

Retirement benefits to employees of the Trust are provided by the Teachers' Pension Scheme ("TPS") and the Local Government Pension Scheme ("LGPS"). These are defined benefit schemes.

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the Trust in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a prospective unit credit method. TPS is an unfunded multi-employer scheme with no underlying assets to assign between employers. Consequently, the TPS is treated as a defined contribution scheme for accounting purposes and the contributions recognised in the period to which they relate.

The LGPS is a funded multi-employer scheme and the assets are held separately from those of the Trust in separate trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit credit method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent term and currency to the liabilities. The actuarial valuations are obtained at least triennially and are updated at each balance sheet date. The amounts charged to operating surplus are the current service costs and the costs of scheme introductions, benefit changes, settlements and curtailments. They are included as part of staff costs as incurred. Net interest on the net defined benefit liability/asset is also recognised in the Statement of Financial Activities and comprises the interest cost on the defined benefit obligation and interest income on the scheme assets, calculated by multiplying the fair value of the scheme assets at the beginning of the period by the rate used to discount the benefit obligations. The difference between the interest income on the scheme assets and the actual return on the scheme assets is recognised in other recognised gains and losses.

Actuarial gains and losses are recognised immediately in other recognised gains and losses.

1.12 Fund accounting

Unrestricted income funds represent those resources which may be used towards meeting any of the charitable objects of the Trust at the discretion of the Trustees.

Restricted fixed asset funds are resources which are to be applied to specific capital purposes imposed by the funders where the asset acquired or created is held for a specific purpose.

Restricted general funds comprise all other restricted funds received with restrictions imposed by the funder/donor and include grants from the Department for Education Group.

Investment income, gains and losses are allocated to the appropriate fund.

THE CLAXTON TRUST
(A Company Limited by Guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019**

2. Critical accounting estimates and areas of judgment

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Critical accounting estimates and assumptions:

The Trustees make estimates and assumptions concerning the future. The resulting accounting estimates and assumptions will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost or income for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 23, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2016 has been used by the actuary in valuing the pensions liability at 31 August 2019. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

3. Income from donations and capital grants

	Restricted funds 2019 £	Restricted fixed asset funds 2019 £	Total funds 2019 £	Total funds 2018 £
Donations	66,765	-	66,765	53,829
Capital grants	-	61,541	61,541	626,612
	<u>66,765</u>	<u>61,541</u>	<u>128,306</u>	<u>680,441</u>
Total 2018	<u>53,829</u>	<u>626,612</u>	<u>680,441</u>	

In 2018, income from donations was £53,829 of which all was restricted.

In 2018, capital grants of £626,612 were in relation to restricted fixed assets.

THE CLAXTON TRUST
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

4. Funding for the Trust's provision of education

	Unrestricted funds 2019 £	Restricted funds 2019 £	Total funds 2019 £	Total funds 2018 £
DfE/ESFA grants				
General Annual Grant (GAG)	-	3,625,204	3,625,204	3,570,738
Other DfE/ESFA grants	-	600,337	600,337	589,993
	-	4,225,541	4,225,541	4,160,731
Other government grants				
Local Authority grants	-	848,224	848,224	780,026
NCTL	-	8,400	8,400	5,350
	-	856,624	856,624	785,376
Other funding				
Catering income	75,591	-	75,591	80,832
	75,591	5,082,165	5,157,756	5,026,939
Total 2018	80,832	4,946,107	5,026,939	

In 2018, income from DfE/ESFA grants was £4,160,731 of which all was restricted.

In 2018, income from other Government grants was £785,376, of which all was restricted.

In 2018, income from catering was £80,832, of which all was unrestricted.

5. Income from other trading activities

	Unrestricted funds 2019 £	Total funds 2019 £	Total funds 2018 £
Hire of facilities	61,358	61,358	67,943
Other income	188,737	188,737	122,332
	250,095	250,095	190,275
Total 2018	190,275	190,275	

In 2018, all other trading activity income was unrestricted.

THE CLAXTON TRUST
(A Company Limited by Guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019**

6. Investment income

	Unrestricted funds 2019 £	Total funds 2019 £	Total funds 2018 £
Bank interest	1,560	1,560	377
	<u>1,560</u>	<u>1,560</u>	<u>377</u>
Total 2018	<u>377</u>	<u>377</u>	

In 2018, all investment income was in relation to unrestricted funds.

7. Expenditure

	Staff Costs 2019 £	Premises 2019 £	Other 2019 £	Total 2019 £	Total 2018 £
Provision of Education:					
Direct costs	3,693,705	-	229,414	3,923,119	3,878,166
Allocated support costs	812,295	271,250	1,032,039	2,115,584	1,952,500
	<u>4,506,000</u>	<u>271,250</u>	<u>1,261,453</u>	<u>6,038,703</u>	<u>5,830,666</u>
Total 2018	<u>4,391,293</u>	<u>253,563</u>	<u>1,185,810</u>	<u>5,830,666</u>	

In 2019, of the total expenditure, £197,124 (2018: £92,648) was from unrestricted funds, £5,252,657 (2018: £5,247,039) was from restricted funds and £57,854 (2018: £490,979) was from restricted fixed asset funds.

In 2018, direct expenditure consisted of £3,644,508 staff costs and £233,658 other costs.

In 2018, support expenditure consisted of £746,785 staff costs, £253,563 premises costs and £952,152 other costs.

THE CLAXTON TRUST
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

8. Charitable activities

	2019 £	2018 £
Direct costs	3,923,119	3,878,166
Support costs	2,115,584	1,952,500
	6,038,703	5,830,666

9. Analysis of support costs

	2019 £	2018 £
Support staff costs	812,295	746,785
Depreciation	531,067	461,222
Governance costs	19,438	18,067
Technology costs	72,024	79,243
Premises costs	271,250	253,563
Other support costs	409,510	393,620
Total	2,115,584	1,952,500

10. Net income/(expenditure)

Net income/(expenditure) for the year includes:

	2019 £	2018 £
Operating lease rentals	35,304	35,082
Depreciation of tangible fixed assets	531,067	461,224
Fees paid to Auditors for:		
- audit	6,583	5,665
- other services	4,760	5,610
	6,583	5,610

11. Central Services

The Trust provides shared financial and social improvement services. These services are paid for by each Academy on a direct apportionment basis.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

12. Staff costs

a. Staff costs

Staff costs during the year were as follows:

	2019 £	2018 £
Wages and salaries	3,389,575	3,286,242
Social security costs	217,564	237,904
Pension costs	806,901	814,130
	<u>4,414,040</u>	<u>4,338,276</u>
Agency staff costs	91,960	32,215
Staff restructuring costs	-	20,802
	<u>4,506,000</u>	<u>4,391,293</u>

Staff restructuring costs comprise:

	2019 £	2018 £
Redundancy payments	-	20,802
	<u>-</u>	<u>20,802</u>

b. Non-statutory/non-contractual staff severance payments

In 2018, the amount of £20,802 was paid to 1 employee as voluntary redundancy at the end of the year. The amount was accrued into the year whilst the actual payment was processed through payroll in September 2018.

c. Staff numbers

The average number of persons employed by the Trust during the year was as follows:

	2019 No.	2018 No.
Teaching	51	41
Admin & Support	144	149
Management	4	12
	<u>199</u>	<u>202</u>

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12. Staff costs (continued)

d. Higher paid staff

The number of employees whose employee benefits (excluding employer pension costs) exceeded £60,000 was:

	2019 No.	2018 No.
In the band £70,001 - £80,000	1	1
In the band £80,001 - £90,000	1	1
	1	1

e. Key management personnel

The key management personnel of the Trust comprise the Trustees and the Senior Management Team as listed on page 1. The total amount of employee benefits received by key management personnel for their services to the Trust was £342,054 (2018 - £325,039).

Employer national insurance contributions included within key management personnel remuneration was £31,089 (2018 - £29,506).

Employer pension contributions included within key management personnel remuneration was £51,376 (2018 - £48,643).

13. Trustees' remuneration and expenses

One or more Trustees has been paid remuneration or has received other benefits from an employment with the Trust. The CEO and other staff Trustees only receive remuneration in respect of services they provide undertaking the roles of CEO and staff members under their contracts of employment. The value of Trustees' remuneration and other benefits was as follows:

		2019 £	2018 £
Mr R Staples, CEO	Remuneration	85,000 - 90,000	80,000 - 85,000
	Pension contributions paid	10,000 - 15,000	10,000 - 15,000
Mrs E Flawn, Vice CEO	Remuneration	75,000 - 80,000	70,000 - 75,000
	Pension contributions paid	10,000 - 15,000	10,000 - 15,000

During the year, retirement benefits were accruing to 2 Trustees (2018 - 2) in respect of defined contribution pension schemes.

During the year ended 31 August 2019, no Trustee expenses have been incurred (2018 - £NIL).

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

14. Trustees' and Officers' insurance

The Trust has opted into the Department of Education's risk protection arrangement (RPA), an alternative to insurance where UK government funds cover losses that arise. This scheme protects Trustees, Governors and Officers from claims arising from negligent acts, errors or omissions occurring whilst on Academy business, provides cover up to £10,000,000. It is not possible to quantify the Trustees, Governors and Officers indemnity element from the overall cost of the RPA scheme membership.

15. Tangible fixed assets

	Long-term leasehold property £	Furniture and equipment £	Computer equipment £	Total £
Cost or valuation				
At 1 September 2018	15,515,505	143,784	84,413	15,743,702
Additions	303,874	12,507	41,940	358,321
At 31 August 2019	<u>15,819,379</u>	<u>156,291</u>	<u>126,353</u>	<u>16,102,023</u>
Depreciation				
At 1 September 2018	598,046	32,550	49,041	679,637
Charge for the year	488,817	19,083	23,167	531,067
At 31 August 2019	<u>1,086,863</u>	<u>51,633</u>	<u>72,208</u>	<u>1,210,704</u>
Net book value				
At 31 August 2019	<u>14,732,516</u>	<u>104,658</u>	<u>54,145</u>	<u>14,891,319</u>
At 31 August 2018	<u>14,917,459</u>	<u>111,234</u>	<u>35,372</u>	<u>15,064,065</u>

16. Debtors

	2019 £	2018 £
Due within one year		
Trade debtors	16,849	4,332
VAT recoverable	66,187	229,254
Prepayments and accrued income	167,843	462,269
	<u>250,879</u>	<u>695,855</u>

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

17. Creditors: Amounts falling due within one year

	2019 £	2018 £
Trade creditors	107,018	227,972
Other taxation and social security	61,798	58,297
Other creditors	78,083	74,978
Accruals and deferred income	166,104	299,797
	<u>413,003</u>	<u>661,044</u>

Deferred income

	2019 £	2018 £
Deferred income at 1 September 2018	170,940	86,278
Resources deferred during the year	100,682	170,940
Amounts released from previous years	(170,940)	(86,278)
	<u>100,682</u>	<u>170,940</u>

Deferred income relates to universal infant free school meal funding for the following academic year and some parental contributions to future educational visits.

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18. Statement of funds

	Balance at 1 September 2018 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2019 £
Unrestricted funds						
Unrestricted funds	520,978	327,246	(197,124)	-	-	651,100
Restricted general funds						
General Annual Grant (GAG)	-	3,625,204	(3,553,929)	(71,275)	-	-
Other Dfe/ESFA	-	172,809	(172,809)	-	-	-
Pupil premium	-	427,528	(427,528)	-	-	-
Local Authority grants	-	848,224	(848,224)	-	-	-
Other restricted funds	-	66,765	(66,765)	-	-	-
NCTL	-	8,400	(8,400)	-	-	-
Pension reserve	(1,188,000)	-	(175,000)	-	(723,000)	(2,086,000)
	<u>(1,188,000)</u>	<u>5,148,930</u>	<u>(5,252,655)</u>	<u>(71,275)</u>	<u>(723,000)</u>	<u>(2,086,000)</u>
Restricted fixed asset funds						
Fixed assets	15,064,068	-	(531,070)	358,321	-	14,891,319
Devolved Formula Capital	-	61,541	(57,854)	(3,687)	-	-
Conditional Improvement fund	283,359	-	-	(283,359)	-	-
	<u>15,347,427</u>	<u>61,541</u>	<u>(588,924)</u>	<u>71,275</u>	<u>-</u>	<u>14,891,319</u>
Total Restricted funds	<u>14,159,427</u>	<u>5,210,471</u>	<u>(5,841,579)</u>	<u>-</u>	<u>(723,000)</u>	<u>12,805,319</u>
Total funds	<u><u>14,680,405</u></u>	<u><u>5,537,717</u></u>	<u><u>(6,038,703)</u></u>	<u><u>-</u></u>	<u><u>(723,000)</u></u>	<u><u>13,456,419</u></u>

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

18. Statement of funds (continued)

The specific purposes for which the funds are to be applied are as follows:

Unrestricted funds

The unrestricted fund has been created to recognise the incoming and outgoing resources in respect of activities undertaken by the Trust which fall outside the scope of its core activities.

General Annual Grant (GAG)

This represents funding from the ESFA to cover the costs of recurrent expenditure.

Under the funding agreement with the Secretary of State, the Trust was not subject to a limit on the amount of GAG that it could carry forward at 31 August 2018. The transfer from this fund represents the value of fixed assets purchased from GAG funding.

Other DFE/ESFA

Other DFE/ESFA grants represent funding from Government agencies to be used for specific purposes.

Pupil Premium

This represents funding to be used to help raise achievement and improve outcomes for pupils from low income families who are eligible for free school meals.

Local Authority grants

This represents various grants from local Government bodies for the provision of specific services to pupils of the Academies.

Other restricted funds

This represents contributions made by parents to the running of educational visits for the pupils of the Academies and the associated costs of running the trips.

NCTL

This represents funds received from the National College of Teaching and Leadership for contributions towards trainee teachers' salaries.

Pension reserve

This fund represents the Trust's share of the deficit on the Local Government Pension Scheme (LGPS) transferred to the Trust on conversion from State Maintained Schools.

Devolved Formula Capital (DFC)

The Trust is to use the DFC allocation to maintain and improve its buildings and facilities.

Conditional Improvement Fund (CIF)

This represents funding received from the ESFA for a roof replacement and fire compliance works.

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18. Statement of funds (continued)

Restricted fixed asset funds

These funds represent monies received in respect of and spent on fixed assets. This includes assets inherited on conversion. The total of resources expended within this fund includes the depreciation charge for the year.

Under the funding agreement with the Secretary of State, the Trust was not subject to a limit on the amount of GAG it could carry forward at 31 August 2019.

Total funds analysis by academy

Fund balances at 31 August 2019 were allocated as follows:

	2019 £	2018 £
Central services	28	1
Fairlands Primary School	610,190	459,747
Camps Hill Primary School	40,882	61,230
	651,100	520,978
Total before fixed asset funds and pension reserve	651,100	520,978
Restricted fixed asset fund	14,891,319	15,347,427
Pension reserve	(2,086,000)	(1,188,000)
	13,456,419	14,680,405
Total	13,456,419	14,680,405

Total cost analysis by academy

Expenditure incurred by each Academy during the year was as follows:

	Teaching and educational support staff costs £	Other support staff costs £	Educational supplies £	Other costs excluding depreciation £	Total 2019 £	Total 2018 £
Fairlands Primary School	2,029,217	452,377	126,604	443,550	3,051,748	3,003,816
Camps Hill Primary School	1,664,488	359,918	102,810	328,671	2,455,887	2,365,628
	3,693,705	812,295	229,414	772,221	5,507,635	5,369,444
Trust	3,693,705	812,295	229,414	772,221	5,507,635	5,369,444

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**NOTES TO THE FINANCIAL STATEMENTS
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18. Statement of funds (continued)

Comparative information in respect of the preceding year is as follows:

	Balance at 1 September 2017 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2018 £
Unrestricted funds						
Unrestricted funds	342,142	271,484	(92,648)	-	-	520,978
Restricted general funds						
General Annual Grant (GAG)	97,420	3,570,738	(3,600,841)	(67,317)	-	-
Other						
DFE/ESFA	-	161,848	(161,848)	-	-	-
Pupil Premium	-	428,145	(428,145)	-	-	-
Local Authority grant	-	780,026	(770,026)	(10,000)	-	-
Other restricted funds	-	53,829	(53,829)	-	-	-
NCTL	-	5,350	(5,350)	-	-	-
Pension reserve	(1,355,000)	-	(227,000)	-	394,000	(1,188,000)
	<u>(1,257,580)</u>	<u>4,999,936</u>	<u>(5,247,039)</u>	<u>(77,317)</u>	<u>394,000</u>	<u>(1,188,000)</u>
Restricted fixed asset funds						
Restricted fixed assets	15,124,418	-	(461,222)	400,872	-	15,064,068
Devolved Formula Capital	10,059	19,698	(29,757)	-	-	-
Conditional Improvement Funding (CIF)	-	606,914	-	(323,555)	-	283,359
	<u>15,134,477</u>	<u>626,612</u>	<u>(490,979)</u>	<u>77,317</u>	<u>-</u>	<u>15,347,427</u>
Total Restricted funds	<u>13,876,897</u>	<u>5,626,548</u>	<u>(5,738,018)</u>	<u>-</u>	<u>394,000</u>	<u>14,159,427</u>

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**NOTES TO THE FINANCIAL STATEMENTS
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18. Statement of funds (continued)

	Balance at 1 September 2017 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2018 £
Total funds	14,219,039	5,898,032	(5,830,666)	-	394,000	14,680,405

19. Analysis of net assets between funds

Analysis of net assets between funds - current year

	Unrestricted funds 2019 £	Restricted funds 2019 £	Restricted fixed asset funds 2019 £	Total funds 2019 £
Tangible fixed assets	-	-	14,891,319	14,891,319
Current assets	651,100	413,003	-	1,064,103
Creditors due within one year	-	(413,003)	-	(413,003)
Provisions for liabilities and charges	-	(2,086,000)	-	(2,086,000)
Total	651,100	(2,086,000)	14,891,319	13,456,419

Analysis of net assets between funds - prior year

	Unrestricted funds 2018 £	Restricted funds 2018 £	Restricted fixed asset funds 2018 £	Total funds 2018 £
Tangible fixed assets	-	-	15,064,065	15,064,065
Current assets	520,978	463,575	480,831	1,465,384
Creditors due within one year	-	(463,575)	(197,469)	(661,044)
Provisions for liabilities and charges	-	(1,188,000)	-	(1,188,000)
Total	520,978	(1,188,000)	15,347,427	14,680,405

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NOTES TO THE FINANCIAL STATEMENTS
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20. Reconciliation of net (expenditure)/income to net cash flow from operating activities

	2019 £	2018 £
Net (expenditure)/income for the year (as per Statement of Financial Activities)	(500,986)	67,366
Adjustments for:		
Depreciation	531,067	461,224
Interest receivable	(1,560)	(377)
Defined benefit pension scheme adjustments	175,000	227,000
Decrease/(increase) in debtors	444,976	(441,830)
(Decrease)/increase in creditors	(248,041)	287,839
Net cash provided by operating activities	400,456	601,222

21. Cash flows from investing activities

	2019 £	2018 £
Interest received	1,560	377
Purchase of tangible fixed assets	(358,321)	(400,870)
Net cash used in investing activities	(356,761)	(400,493)

22. Analysis of cash and cash equivalents

	2019 £	2018 £
Cash in hand	813,224	769,529
Total cash and cash equivalents	813,224	769,529

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NOTES TO THE FINANCIAL STATEMENTS
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23. Pension commitments

The Trust's employees belong to two principal pension schemes: the Teachers' Pension Scheme for England and Wales (TPS) for academic and related staff; and the Local Government Pension Scheme (LGPS) for non-teaching staff, which is managed by Hertfordshire County Council. Both are multi-employer defined benefit schemes.

The latest actuarial valuation of the TPS related to the period ended 31 March 2012 and of the LGPS 31 March 2016.

Contributions amounting to £75,855 were payable to the schemes at 31 August 2019 (2018 - £72,152) and are included within creditors.

Teachers' Pension Scheme

The Teachers' Pension Scheme (TPS or scheme) is a statutory, unfunded, defined benefit occupational scheme, governed by the Teachers' Pensions Regulations 2010 (as amended), and the Teachers' Pension Scheme Regulations 2014 (as amended). These regulations apply to teachers in schools and other educational establishments, including academies, in England and Wales that are maintained by local authorities.

In addition, teachers in many independent and voluntary-aided schools and teachers and lecturers in some establishments of further and higher education may be eligible for membership. Membership is automatic for full-time teachers and lecturers and, from 1 January 2007, automatic too for teachers and lecturers in part-time employment following appointment or a change of contract. Teachers and lecturers are able to opt out of the TPS.

The Teachers' Pension Budgeting and Valuation Account

Although members may be employed by various bodies, their retirement and other pension benefits are set out in regulations made under the Superannuation Act (1972) and Public Service Pensions Act (2013) and are paid by public funds provided by Parliament. The TPS is an unfunded scheme and members contribute on a 'pay as you go' basis – contributions from members, along with those made by employers, are credited to the Exchequer under arrangements governed by the above Acts.

The Teachers' Pensions Regulations 2010 require an annual account, the Teachers' Pension Budgeting and Valuation Account, to be kept of receipts and expenditure (including the cost of pension increases). From 1 April 2001, the Account has been credited with a real rate of return, which is equivalent to assuming that the balance in the Account is invested in notional investments that produce that real rate of return.

Valuation of the Teachers' Pension Scheme

The latest valuation of the Teachers' Pension Scheme has now taken place, in line with directions issued by HM Treasury and using membership data as at 31 March 2016. As a result of this valuation TPS employers will pay an increased contribution rate of 23.68% from September 2019 (this includes the administration levy of 0.8%). The timing of the implementation is to align its introduction with employers' budget planning cycles. Until then, employers will pay the current rate of 16.48%.

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NOTES TO THE FINANCIAL STATEMENTS
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23. Pension commitments (continued)

The employer's pension costs paid to TPS in the year amounted to £294,183 (2018 - £289,304).

A copy of the valuation report and supporting documentation is on the [Teachers' Pensions website](#).

Under the definitions set out in FRS 102, the TPS is an unfunded multi-employer pension scheme. The Trust has accounted for its contributions to the scheme as if it were a defined contribution scheme. The Trust has set out above the information available on the scheme.

Scheme Changes

The arrangements for a reformed Teachers' Pension Scheme, in line with the recommendations made by Lord Hutton, in particular the introduction of a Career Average Revalued Earnings (CARE) scheme, were implemented from 1 April 2015.

In December 2018, the Court of Appeal held that transitional protection provisions contained in the reformed judicial and firefighter pension schemes, introduced as part of public service pension reforms in 2015, gave rise to direct age discrimination and were therefore unlawful. The Supreme Court, in a decision made in June 2019, have rejected the Government's application for permission to appeal the Court of Appeal's ruling. The case will now be referred to an Employment Tribunal for a decision regarding the remedy which will need to be offered to those members of the two schemes who were subject of the age discrimination.

HM Treasury are clear that the ruling has implications for the other public service schemes, including the Teachers' Pension Scheme. Those implications are currently being considered and any impact on scheme costs is expected to be looked at within the next scheme valuation, which is currently scheduled to be based on April 2020 data and implemented in April 2023.

Local Government Pension Scheme

The LGPS is a funded defined benefit pension scheme, with the assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2019 was £457,000 (2018 - £410,000), of which employer's contributions totalled £372,000 (2018 - £334,000) and employees' contributions totalled £ 85,000 (2018 - £76,000). The agreed contribution rates for future years are 25.3% per cent for employers and 5.5 - 12.5% per cent for employees.

Parliament has agreed, at the request of the Secretary of State for Education, to a guarantee that, in the event of academy closure, outstanding Local Government Pension Scheme liabilities would be met by the Department for Education. The guarantee came into force on 18 July 2013.

Principal actuarial assumptions

	2019	2018
	%	%
Rate of increase in salaries	2.40	3.40
Rate of increase for pensions in payment/inflation	2.30	2.30
Discount rate for scheme liabilities	1.90	2.80
Inflation assumption (CPI)	2.30	2.30
Commutation of pensions to lump sums	50.00	50.00

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NOTES TO THE FINANCIAL STATEMENTS
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23. Pension commitments (continued)

The current mortality assumptions include sufficient allowance for future improvements in mortality rates. The assumed life expectations on retirement age 65 are:

	2019 Years	2018 Years
<i>Retiring today</i>		
Males	21.5	22.5
Females	23.7	24.9
<i>Retiring in 20 years</i>		
Males	22.3	24.1
Females	25.0	26.7

Sensitivity analysis

	2019 £	2018 £
Discount rate +0.1%	(140,000)	(87,400)
Discount rate -0.1%	140,000	87,400
Mortality assumption - 1 year increase	19,000	(125,000)
Mortality assumption - 1 year decrease	(19,000)	125,000
CPI rate +0.1%	122,000	73,600
CPI rate -0.1%	(122,000)	(73,600)

The Trust's share of the assets in the scheme was:

	At 31 August 2019 £	At 31 August 2018 £
Equities	1,262,000	1,025,000
Corporate bonds	1,005,000	677,000
Property	206,000	155,000
Cash and other liquid assets	104,000	77,000
Total market value of assets	2,577,000	1,934,000

The actual return on scheme assets was £185,000 (2018 - £176,000).

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NOTES TO THE FINANCIAL STATEMENTS
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23. Pension commitments (continued)

The amounts recognised in the Statement of Financial Activities are as follows:

	2019 £	2018 £
Current service cost	(509,000)	(525,000)
Past service cost	(4,000)	-
Interest income	61,000	41,000
Interest cost	(95,000)	(77,000)
Total amount recognised in the Statement of Financial Activities	(547,000)	(561,000)

Changes in the present value of the defined benefit obligations were as follows:

	2019 £	2018 £
At 1 September	3,122,000	2,791,000
Current service cost	509,000	525,000
Interest cost	95,000	77,000
Employee contributions	85,000	76,000
Actuarial losses/(gains)	847,000	(347,000)
Past service costs	4,000	-
At 31 August	4,662,000	3,122,000

Changes in the fair value of the Trust's share of scheme assets were as follows:

	2019 £	2018 £
At 1 September	1,934,000	1,436,000
Interest income	61,000	41,000
Actuarial gains	124,000	47,000
Employer contributions	372,000	334,000
Employee contributions	85,000	76,000
At 31 August	2,576,000	1,934,000

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NOTES TO THE FINANCIAL STATEMENTS
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24. Operating lease commitments

At 31 August 2019 the Trust had commitments to make future minimum lease payments under non-cancellable operating leases as follows:

	2019 £	2018 £
Not later than 1 year	38,582	36,454
Later than 1 year and not later than 5 years	91,643	95,056
	<u>130,225</u>	<u>131,510</u>

25. Members' liability

Each Member of the Charitable Company undertakes to contribute to the assets of the Company in the event of it being wound up while he/she is a Member, or within one year after he/she ceases to be a Member, such amount as may be required, not exceeding £10 for the debts and liabilities contracted before he/she ceases to be a Member.

26. Related party transactions

Owing to the nature of the Trust and the composition of the Board of Trustees being drawn from local public and private sector organisations, transactions may take place with organisations in which the Trustees have an interest. All transactions involving such organisations are conducted in accordance with the requirements of the Academies Financial Handbook, including notifying the ESFA of all transactions made on or after 1 April 2019 and obtaining their approval where required, and with the Trust's financial regulations and normal procurement procedures relating to connected and related party transactions. The following related party transactions took place in the financial period.

The partner of Trustee Mr G Rumsey is employed by the Trust as a Teaching Assistant. The remuneration package is in line with the standard payscales for the role undertaken and their employment contract is subject to normal terms and conditions.

Herts for Learning, a related party through a shared Trustee in Mr R Staples, the Accounting Officer, provided services to the Trust. The Trust purchased services totalling £68,000 during the year and there were no amounts outstanding at 31 August 2019.

Stevenage Education Trust, a related party through a shared Trustee in Mr R Staples, the Accounting Officer, provided services to the Trust. The Trust purchased services totalling £3,000 (2018 - £3,000) during the year and £3,000 was outstanding at the year end (2018 - £Nil).

In entering into the transactions the Trust has complied with the requirements of the Academies Financial Handbook 2018.

The element above £2,500 has been provided 'at no more than cost' and a statement of assurance has been provided by both suppliers.

No other related party transactions took place in the period of account, other than certain Trustees' remuneration and expenses already disclosed in note 13 (2018: £Nil).

